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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission file number 0-30093

Hinsdale Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-3811768 (I.R.S. Employer Identification No.)
One Grant Square, Hinsdale, Illinois (Address of principal executive offices)	60521 (Zip Code)

PROCESSED BY
JUL 16 1992

(708) 323-1776
(Registrant's telephone number, including area code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all the reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) YES X/A NO_____
(2) YES_____ NO X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

One share was outstanding as of June 15, 1992.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Hinsdale Financial Corporation is a newly formed holding company, formed for the purpose of acquiring all of the issued and outstanding stock of Hinsdale Federal Bank for Savings concurrent with its conversion from mutual to stock form of organization. At this time and until the conversion is complete, the Company is a noncapitalized shell corporation with no business activities. Accordingly, the financial statements of the Company have been omitted. For a further discussion of the Company's formation and intended operations see the Form S-1 Registration Statement as amended, initially filed on March 31, 1992, amended on May 1, 1992 and May 13, 1992 and declared effective on May 13, 1992. The description of the Company in these filings is herein incorporated by reference.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See Item 1

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K (§249.308 of this Chapter).

Exhibit 28 - Form 10-Q equivalent financial information for Hinsdale Federal Bank for Savings for the quarter ended March 31, 1992. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation have been included. The results of operations and other data for the three and six months ended March 31, 1992, are not necessarily indicative of the results of operations which may be expected for the fiscal year ending September 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Hinsdale Financial Corporation

Dated: JUNE 30, 1992

By: Kenneth P. Bristol
Kenne P. Bristol
President and Chief Executive Officer

Dated: JUNE 30, 1992

By: Richard A. Hojnicki
Richard A. Hojnicki
Executive Vice President and Chief Financial Officer

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31, 1992	September 30 1991
ASSETS:	(In thousands)	
Cash and due from banks	$ 4,401	5,809
Interest-bearing deposits	79,783	17,955
Federal funds sold	20,000	2,000
Cash and cash equivalents	104,184	25,764
Investment securities (market value: 1992- $24,945; 1991- $7,131)	24,796	6,999
Mortgage-backed securities (market value: 1992- $132,624 1991- $221,321)	130,830	217,875
Loans, net	240,731	244,950
Accrued interest receivable	3,015	3,985
Real estate, net	15,056	15,016
Premises and equipment, net	5,357	5,447
Stock in Federal Home Loan Bank of Chicago, at cost	3,830	4,183
Other assets	4,058	4,244
Excess cost over fair value of net assets acquired	-	7,687
Total assets	531,857	536,150
LIABILITIES AND RETAINED EARNINGS:		
Deposits	482,365	483,576
Collateralized mortgage obligations	19,753	22,301
Advance payments by borrowers for taxes and insurance	5,104	850
Deferred income taxes	995	2,942
Accrued expenses and other liabilities	6,086	5,337
Total liabilities	514,303	515,006
Retained earnings, substantially restricted	17,554	21,144
Total liabilities and retained earnings	$ 531,857	536,150

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS

(In thousands)

Six Months Ended March 31, 1991		
Balance at September 31, 1990	$	42,608
Net income		2,824
Balance at March 31, 1991	$	45,432
Six Months Ended March 31, 1992		
Balance at September 31, 1991	$	21,144
Net loss		(3,590)
Balance at March 31, 1992	$	17,554

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	1992	1991	1992	1991
	(In thousands)			
Interest income				
Loans	$ 5,550	8,050	11,416	18,395
Mortgage-backed securities	3,444	3,220	7,441	6,493
Investment securities	207	245	389	560
Federal funds sold	187	65	305	65
Interest-bearing deposits	315	409	596	706
Total interest income	9,703	11,980	20,147	24,219
Interest expense				
Deposits	5,842	8,129	12,597	18,814
Borrowed money	0	79	0	278
Collateralized mortgage obligations	556	643	1,207	1,329
Total interest expense	6,398	8,850	13,804	18,419
Net interest income	3,305	3,130	6,343	5,800
Provision for loan losses	0	0	0	21
Net interest income after provision for loan losses	3,305	3,130	6,343	5,779
Noninterest income				
Gain (loss) on sale of:				
Loans	(134)	578	308	677
Mortgage-backed securities	910	(273)	910	(273)
Investment securities and stock	0	0	0	245
Loan servicing rights	0	0	139	0
Premises and real estate held for development and sale	0	0	0	2,379
Income from real estate operations	413	298	499	735
Servicing fee income	80	201	153	407
Miscellaneous fees and commissions	722	718	1,437	1,378
Other	40	31	90	232
Total noninterest income	2,029	1,552	3,536	5,780
Noninterest expense:				
General and administrative:				
Compensation and benefits	1,725	1,558	3,346	3,087
Occupancy expense	468	510	917	1,022
Federal deposit insurance premiums	263	276	535	543
Computer services	165	170	321	334
Other	710	769	1,487	1,835
Total general and administrative expenses	3,331	3,263	6,606	6,821
Amortization of cost in excess of fair value of net assets acquired	0	299	61	578
Write-off of cost in excess of fair value of net assets acquired	0	0	7,626	0
Provision for real estate losses	35	0	35	0
Total noninterest expense	3,366	3,572	14,328	7,199
Income (loss) before income taxes	1,968	1,110	(4,449)	4,360
Income tax expense	753	431	1,243	1,536
Income (loss) before cumulative effect of change in accounting principle	1,215	688	(5,692)	2,824
Cumulative effect of change in accounting for income taxes	0	0	2,102	0
Net income (loss)	$ 1,215	688	(3,590)	2,824

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
		(In thousands)		
Cash flows from operating activities				
Net income (loss)	$ 1,215	688	(3,590)	2,824
Adjustments to reconcile net income (loss) to net cash used in operating activities				
Amortization of excess cost over fair value of net assets acquired	0	289	61	578
Write-off of excess cost over fair value due to impairment	0	0	7,626	0
Depreciation and amortization	118	166	240	364
Amortization of deferred gain	(97)	(97)	(195)	(130)
Increase (decrease) deferred income taxes	0	306	(1,947)	1,411
Provision for loan losses	0	0	0	21
Provision for real estate losses	35	0	35	0
Amortization of premiums, discounts and deferred loan fees	(113)	(127)	(203)	(260)
Additions to deferred fees	634	272	1,159	458
Amortization of collateralized mortgage obligations discount	106	95	275	213
Originations of loans held for sale	(43,487)	(7,302)	(68,201)	(11,594)
Sale of loans originated for resale	27,903	4,309	49,536	9,442
(Gain) loss on sales of:				
Mortgage-backed securities	(910)	273	(910)	273
Loans	136	(578)	(308)	(677)
Premises and real estate held for development and sale	0	0	0	(2,379)
Loan servicing rights	0	0	(139)	0
Other stock	0	0	0	(245)
Decrease in accrued interest receivable	717	492	970	264
(Increase) decrease in other assets	(270)	774	(218)	1,418
Increase (decrease) in accrued expenses and other liabilities	836	(82)	986	(2,388)
Net cash used in operating activities	(13,177)	(522)	(14,823)	(367)
Cash flows from investing activities:				
Proceeds from maturities of investment securities	0	5,000	2,000	5,000
Proceeds from sale of stock	0	0	0	248
Proceeds from sale of loans	746	12,661	3,017	13,718
Proceeds from sale of mortgage-backed securities	75,388	23,944	75,388	26,750
Proceeds from sale of loan servicing	449	0	1,038	0
Proceeds from sale of premises and real estate held for development and sale	0	963	411	12,417
Purchase of investment securities	(19,793)	0	(19,793)	0
Purchase of mortgage-backed securities	(13,370)	(40,023)	(14,684)	(50,626)
Loans originated for investment	(12,419)	(4,780)	(20,073)	(11,377)
Loans purchased	0	0	(6)	0
Purchases of premises and equipment	(143)	(27)	(203)	(70)
Principal collected on loans	22,952	11,767	39,120	22,689
Principal collected on mortgage-backed securities	14,942	5,311	26,808	9,585
Net cash provided by investing activities	68,752	14,816	93,023	28,330

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
		(in thousands)		
Cash flows from operating activities				
Net income (loss)	$ 1,215	688	(3,590)	2,824
Adjustments to reconcile net income (loss) to net cash used in operating activities				
Amortization of excess cost over fair value of net assets acquired	0	289	61	578
Write-off of excess cost over fair value due to impairment	0	0	7,626	0
Depreciation and amortization	118	166	240	384
Amortization of deferred gain	(97)	(97)	(195)	(130)
Increase (decrease) deferred income taxes	0	306	(1,947)	1,411
Provision for loan losses	0	0	0	21
Provision for real estate losses	35	0	35	0
Amortization of premiums, discounts and deferred loan fees	(113)	(127)	(203)	(260)
Additions to deferred fees	834	272	1,159	458
Amortization of collateralized mortgage obligations discount	106	95	275	213
Originations of loans held for sale	(43,487)	(7,302)	(68,201)	(11,594)
Sale of loans originated for resale	27,903	4,309	49,536	9,442
(Gain) loss on sales of:				
Mortgage-backed securities	(910)	273	(910)	273
Loans	136	(578)	(308)	(677)
Premises and real estate held for development and sale	0	0	0	(2,379)
Loan servicing rights	0	0	(139)	0
Other stock	0	0	0	(245)
Decrease in accrued interest receivable	717	492	970	284
(Increase) decrease in other assets	(270)	774	(218)	1,418
Increase (decrease) in accrued expenses and other liabilities	836	(82)	986	(2,388)
Net cash used in operating activities	(13,177)	(522)	(14,823)	(367)
Cash flows from investing activities:				
Proceeds from maturities of investment securities	0	5,000	2,000	5,000
Proceeds from sale of stock	0	0	0	246
Proceeds from sale of loans	746	12,661	3,017	13,716
Proceeds from sale of mortgage-backed securities	75,388	23,944	75,388	26,750
Proceeds from sale of loan servicing	449	0	1,038	0
Proceeds from sale of premises and real estate held for development and sale	0	963	411	12,417
Purchase of investment securities	(19,793)	0	(19,793)	0
Purchase of mortgage-backed securities	(13,370)	(40,023)	(14,684)	(50,626)
Loans originated for investment	(12,419)	(4,780)	(20,073)	(11,377)
Loans purchased	0	0	(8)	0
Purchase of premises and equipment	(143)	(27)	(203)	(70)
Principal collected on loans	22,952	11,767	39,120	22,689
Principal collected on mortgage-backed securities	14,942	5,311	26,908	9,585
Net cash provided by investing activities	68,752	14,816	93,023	28,330

HINSDALE FEDERAL BANK FOR SAVINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
	(In thousands)			
Cash flows from financing activities				
Net increase (decrease) in deposits	3,024	1,221	(1,211)	(7,100)
Repayment of borrowed money	0	0	0	(6,000)
Repayment of collateralized mortgage obligations	(1,471)	(911)	(2,823)	(1,944)
Net increase in advance payments by borrowers for taxes and insurance	1,110	1,483	4,254	4,185
Net cash provided by (used in) financing activities	2,663	1,793	220	(10,859)
Net increase in cash and cash equivalents	58,238	16,087	78,420	17,104
Cash and cash equivalents at beginning of period	45,946	23,184	25,764	22,167
Cash and cash equivalents at end of period	$ 104,184	39,271	104,184	39,271
Supplemental disclosures of cash flow information				
Cash paid during the period for:				
Interest paid	$ 6,529	9,091	14,095	18,782
Income taxes	740	125	815	125
Supplemental schedule of noncash investing activities				
Loans transferred to real estate owned	$ 38	0	187	0

Management's Discussion and Analysis of Quarterly Results

Total assets increased $4.7 million, or 0.9%, to $531.9 million at March 31, 1992 from December 31, 1991. Net loans receivable increased $3.6 million, or 1.5%, to $240.7 million at March 31, 1992. Net loans at March 31, 1992 included $24.5 million of loans held for sale, which were originated in the month of March. As part of the Bank's mortgage banking operation, sale and delivery of these loans as FNMA securities took place in the month of April, 1992. The loan portfolio, exclusive of loans held for sale, decreased $20.9 million, or 8.8%, from December 31, 1991. The decrease resulted from prepayments of existing mortgage loans due to the decline in market interest rates.

The overall decline, nationwide, in interest rates had a similar effect on the Bank's adjustable rate mortgage-backed securities portfolio. This portfolio experienced a significant increase in prepayments due to the sharp decline in interest rates resulting from the slow economy and the Federal Reserve's reduction in the discount rate. In consideration of these factors, in February, 1992, the Bank restructured its mortgage-backed securities portfolio by selling $74.5 million of 11th district FNMA Cost of Funds Index ("COFI") ARMs, which the Bank had purchased at a premium. The gain on this sale was $910,000. Proceeds were reinvested in the following: two and three year U.S. Treasury Notes; 1.5 to 4.5 year collateralized mortgage obligations ("CMOs"); and 5 to 7 year FHLMC balloon mortgages. These aggregate investments have a weighted average yield of 6.73% and an estimated weighted average maturity of 3.9 years. If this restructuring had been completed by March 31, 1992, the Bank's one-year interest sensitivity gap as a percentage of total assets at such date would have been approximately a negative 1.55%. Due to the COFI ARM sale, mortgage-backed securities decreased $76.3 million, or 36.8%, to $130.8 million from December 31, 1991. Investment securities increased $19.8 million from December 31, 1991 to $24.8 million. At March 31, 1992, this reinvestment was still in process, and the remaining proceeds were held in interest-bearing deposits, pending the completion of the restructuring.

Deposits increased $3.0 million, or 0.6%, to $482.4 million at March 31, 1992 from December 31, 1991.

Retained earnings at March 31, 1992 were $17.6 million, an increase of $1.2 million, or 7.4% from December 31, 1991. Tangible and core capital each increased $1.3 million for the quarter ended March 31, 1992. The Bank's capital for regulatory purposes exceeded the tangible and core capital requirement at March 31, 1992 by $9.1 million and $1.1 million, respectively. Risk-based capital increased $1.2 million and at March 31, 1992 exceeded the regulatory requirement by $1.8 million.

Net income for the quarter ended March 31, 1992 was $1.2 million, compared to a loss of $4.8 million for the quarter ended December 31, 1991. This change was primarily the result of a $7.7 million amortization and write-off of goodwill, partially offset, by a $2.1 million cumulative effect of the change in accounting for income taxes recorded in the quarter ended December 31, 1991.

Net income increased $527,000, or 76.6%, to $1.2 million for the quarter ended March 31, 1992, when compared to the quarter ended March 31, 1991. This increase was partially due to the gain on sale of securities of $774,000 for the quarter ended March 31, 1992 as compared to the gain of $305,000 for the comparable 1991 quarter. The quarter ended March 31, 1991 also included the expense of $289,000 for the amortization of the goodwill, which was completely written-off in the December 31, 1991 quarter. For the six months ended March 31, 1992 the Bank had a loss of $3.6 million, compared to earnings of $2.9 million for the six months ended March 31, 1991. The 1992 results included an expense of $7.7 million for the amortization and write-off of the remaining goodwill, compared to the amortization expense of $578,000 for the six months ended March 31, 1991. The 1991 period also included a $2.4 million pre-tax gain from the sale of premises and real estate held for investment. The 1992 period reflected gains of $1.2 million from the sale of investment securities, mortgage-backed securities and loans receivable, including a $910,000 gain from the sale of the COFI ARMs, while the 1991 period reflected gains of $649,000 from sales of such assets.

Net interest income increased $186,000, or 5.3%, to $3.3 million, comparing the quarters ended March 31, 1992 and 1991. Net interest income for the six months ended March 31, 1992 increased $543,000, or 9.4%, to $6.3 million compared to the six months ended March 31, 1991. These increases are primarily the result of the decline in the cost of deposits, which was partially offset by the decline in yields on investments.

Loan originations for the quarter ended March 31, 1992 were $55.9 million, an increase of $43.4 million, or 345.9%, from the comparable 1991 quarter. For the six months ended March 31, 1992, loan originations were $88.3 million, an increase of $65.3 million, or 284.3%, from the comparable 1991 period. This increase represents a concerted effort on the part of the Bank to maintain its market share of mortgage loan originations.

Non-performing assets increased $318,000, or 2.6% at March 31, 1992, compared to December 31, 1991. On April 20, 1992, the Bank was granted summary judgment in its foreclosure action with respect to a shopping center in Lisle. Management anticipates being awarded ownership in the quarter ending June 30, 1992.